



25-Apr-06

# Operating Cost Model

Price, UT

Los Angeles, CA

Bakersfield, CA

Prepared for

Delynn Fielding

Carbon County Economic Development

Sample Cost Model - Potential Plastics Manufacturer

**\*\*Note:** This sample operating cost model illustrates an estimated cost comparison for a hypothetical manufacturing plant locating in Price (UT), Los Angeles (CA) or Bakersfield (CA.)

Prepared by

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ECONOMIC DEVELOPMENT  
CORPORATION OF UTAH

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Year	1	2	3	4	5	6	7	8	9	10	Total	Cume NPV
WAGES												
Price, UT	\$1,143,160	\$1,177,455	\$1,212,778	\$1,249,162	\$1,286,637	\$1,325,236	\$1,364,993	\$1,405,943	\$1,448,121	\$1,491,565	\$13,105,048	\$7,869,220
Los Angeles, CA	\$1,172,400	\$1,207,572	\$1,243,799	\$1,281,113	\$1,319,547	\$1,359,133	\$1,399,907	\$1,441,904	\$1,485,161	\$1,529,716	\$13,440,252	\$8,070,501
Bakersfield, CA	\$1,123,010	\$1,156,700	\$1,191,401	\$1,227,143	\$1,263,958	\$1,301,876	\$1,340,933	\$1,381,161	\$1,422,595	\$1,465,273	\$12,874,051	\$7,730,513
WORKER'S COMPENSATION*												
Price, UT	\$38,370	\$39,521	\$40,706	\$41,927	\$43,185	\$44,481	\$45,815	\$47,190	\$48,605	\$50,064	\$439,864	\$264,126
Los Angeles, CA	\$101,582	\$104,630	\$107,769	\$111,002	\$114,332	\$117,762	\$121,295	\$124,933	\$128,681	\$132,542	\$1,164,527	\$699,266
Bakersfield, CA	\$96,609	\$99,508	\$102,493	\$105,568	\$108,735	\$111,997	\$115,357	\$118,817	\$122,382	\$126,053	\$1,107,519	\$665,035
UNEMPLOYMENT INSURANCE*												
Price, UT	\$17,578	\$18,105	\$18,648	\$19,208	\$19,784	\$20,377	\$20,989	\$21,618	\$22,267	\$22,935	\$201,507	\$121,000
Los Angeles, CA	\$12,138	\$12,502	\$12,877	\$13,264	\$13,661	\$14,071	\$14,493	\$14,928	\$15,376	\$15,837	\$139,149	\$83,555
Bakersfield, CA	\$12,138	\$12,502	\$12,877	\$13,264	\$13,661	\$14,071	\$14,493	\$14,928	\$15,376	\$15,837	\$127,011	\$83,555
HEALTH CARE INSURANCE												
Price, UT	\$221,564	\$228,211	\$235,057	\$242,109	\$249,372	\$256,853	\$264,559	\$272,496	\$280,671	\$289,091	\$2,539,983	\$1,525,190
Los Angeles, CA	\$243,493	\$250,798	\$258,322	\$266,071	\$274,054	\$282,275	\$290,743	\$299,466	\$308,450	\$317,703	\$2,791,374	\$1,676,143
Bakersfield, CA	\$243,493	\$250,798	\$258,322	\$266,071	\$274,054	\$282,275	\$290,743	\$299,466	\$308,450	\$317,703	\$2,791,374	\$1,676,143
ELECTRICITY*												
Price, UT	\$364,884	\$375,831	\$387,105	\$398,719	\$410,680	\$423,001	\$435,691	\$448,761	\$462,224	\$476,091	\$4,182,986	\$2,511,768
Los Angeles, CA	\$1,000,104	\$1,030,107	\$1,061,010	\$1,092,841	\$1,125,626	\$1,159,395	\$1,194,176	\$1,230,002	\$1,266,902	\$1,304,909	\$11,465,072	\$6,884,460
Bakersfield, CA	\$1,000,104	\$1,030,107	\$1,061,010	\$1,092,841	\$1,125,626	\$1,159,395	\$1,194,176	\$1,230,002	\$1,266,902	\$1,304,909	\$11,465,072	\$6,884,460
REAL ESTATE*												
Price, UT	\$70,000	\$72,100	\$74,263	\$76,491	\$78,786	\$81,149	\$83,584	\$86,091	\$88,674	\$91,334	\$802,472	\$481,862
Los Angeles, CA	\$400,000	\$412,000	\$424,360	\$437,091	\$450,204	\$463,710	\$477,621	\$491,950	\$506,708	\$521,909	\$4,585,552	\$2,753,497
Bakersfield, CA	\$235,800	\$242,874	\$250,160	\$257,665	\$265,395	\$273,357	\$281,558	\$290,004	\$298,704	\$307,666	\$2,703,183	\$1,623,187

\*Workers Compensation rates provided by Workers Compensation Fund. Rates may vary slightly in other locations.

\*Unemployment insurance data based on new employer rate. Rate may change after employer has established history in the state.

\*Electricity costs based on estimates**only**. Costs based on 1,000,000 kWh monthly estimated use and 1,500 kW estimated peak demand.

More accurate cost estimates may be provided with more accurate usse and demand data from company.

\*Real Estate calculations based on real estate estimate needs of 5,000 square feet office space and 20,000 square feet manufacturing space.

TOTAL COSTS	Total First Year Costs	Total Costs	Cume NPV
Price, UT	\$1,490,671	\$17,088,874	\$10,261,398
Los Angeles, CA	\$1,929,613	\$22,120,854	\$13,282,963
Bakersfield, CA	\$1,711,050	\$19,603,138	\$11,778,433
Average Annual Cost Savings - \$503,197.98			

Note: Discount rate of 10% used to calculate NPV; an annual inflation rate of 3% is considered

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**\*\*Note: This sample operating cost model illustrates an estimated cost comparison for a hypothetical manufacturing plant locating in Price (UT), Los Angeles (CA) or Bakersfield (CA.)**

	Price, UT	Los Angeles, CA	Bakersfield, CA
<b>Average Annual Wages</b>			
1 Manager/Supervisor of Production Workers (51-1011)	\$41,710	\$45,800	\$52,460
15 Molding/Coremaking Machine Operators (51-4072)	\$22,490	\$22,860	\$22,490
15 Cutting, Punching & Press Machine Operators (51-4031)	\$27,300	\$25,460	\$23,520
20 Helpers/Production Workers (51-9198)	\$17,730	\$20,090	\$19,020
	<i>Source: Bureau of Labor Statistics, Provo/Orem-UT</i>	<i>Source: Bureau of Labor Statistics, Los Angeles/Long Beach-CA</i>	<i>Source: Bureau of Labor Statistics, Bakersfield-CA</i>
<b>Workers Compensation Insurance</b>			
Average Cost Per \$100 of Payroll			
General Office Workers	\$0.31	\$1.01	\$1.01
Plastic Manufacturing/Fabricated Goods	\$3.53	\$9.00	\$9.00
Plastic Manufacturing/Molded Goods	\$3.34	\$8.92	\$8.92
	<i>Source: Utah Workers Compensation Fund, Codes 8810, 4452, 4484</i>	<i>Source: Workers' Compensation Insurance Rating Bureau of California, Codes 8810, 4496, 4495</i>	<i>Source: Workers' Compensation Insurance Rating Bureau of California, Codes 8810, 4496, 4495</i>
<b>Unemployment Insurance*</b>			
New Employer Rate	1.60%	3.40%	3.40%
Total Taxable Wage Per Employee	\$24,000	\$7,000	\$7,000
	<i>Source: Utah Department of Workforce Services</i>	<i>Source: California Employment Development Department</i>	<i>Source: California Employment Development Department</i>
<b>Health Care Insurance</b>			
Single Coverage, Employer Cost, # of Employees	\$2,714	\$2,818	\$2,818
Family Coverage, Employer Cost, # of Employees	\$6,040	\$6,809	\$6,809
	<i>Source: Kaiser Family Foundation, 2003 data published in July 2005</i>	<i>Source: Kaiser Family Foundation, 2003 data published in July 2005</i>	<i>Source: Kaiser Family Foundation, 2003 data published in July 2005</i>
<b>Electricity*</b>			
Estimated Monthly Cost, Pre-Tax	\$30,407	\$83,342	\$83,342
Estimated costs based on estimated 1,000,000 kWh monthly use and 1,500 kW peak demand.	<i>Source: PacifiCorp, Monthly Estimated Cost</i>	<i>Source: PacifiCorp, Monthly Estimated Cost</i>	<i>Source: PacifiCorp, Monthly Estimated Cost</i>
<b>Real Estate</b>			
Estimated Monthly Cost per Square Foot, Class A Office Space	\$10.00	\$32.00	\$22.20
Estimated Monthly Cost per Square Foot, Mfg Space	\$1.00	\$12.00	\$6.24
Estimated cost per square foot: 5,000 s.f. office space, 20,000 s.f. manufacturing space.	<i>Source: Commerce CRG 2005 Year-End Report, Utah County real estate costs</i>	<i>Source: NAI Global, Los Angeles-CA, Effective averages listed</i>	<i>Source: NAI Global, Kern County-CA, Effective averages listed</i>

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